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SBA-BACKED LOANS TO SMALL BUSINESSES UP SHARPLY IN FIRST HALF OF FY 2003

WASHINGTON – The number of small businesses receiving loans backed by the U.S. Small Business Administration through the first two quarters of FY 2003 is up by more than 35 percent, compared to the same period a year ago, with the most significant increases coming in loans to minorities, women and veterans.

The agency also reported a large increase in SBAExpress loans, which more than doubled from 6,122 loans to 13,991 over the first six months of the fiscal year. The increase is largely due to significant efforts by the agency to make SBAExpress loans of under \$250,000 more widely available by making it easier and faster for lenders to approve the loans.

“The significant increase in the number of SBA-backed loans this year not only shows our commitment to continued financial assistance to U.S. small businesses, but also validates our approach to make that assistance more readily available to them,” said SBA Administrator Hector Barreto. **“We are pleased that both our outreach and streamlining efforts have proven highly effective, as reflected in the substantial rise in assistance to women, minority and veteran businesses, as well as the large increase in SBAExpress loans.”**

The overall increase in loan approvals under the agency’s two major loan programs, the 7(a) General Business Loan Guaranty program and the Certified Development Company (or 504) loan program, came to 34.7 percent, reflecting an increase from 23,709 loans during the first two quarters of FY 2002 to 32,183 loans during the same period in the current fiscal year. Strong increases were registered in both programs: 7(a) loans were up by 38.1 percent and 504 loans increased by 15.3 percent.

The growth in the number of loans to minorities, women and veterans also was pronounced. Overall, loans to small businesses owned by minorities increased by 42.1 percent, from 5,972 through March 2002 to 8,486 through March 2003. Within that total, loans to African Americans increased by 68.2 percent, loans to Hispanic Americans increased by 40.6 percent, loans to Asian Americans increased by 33.1 percent and loans to Native Americans increased by 26.7 percent.

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Additionally, loan approvals for women small business owners increased by 34.8 percent, to 6,401 loans, and loans to veteran-owned small businesses were up by 26.2 percent, to 3,114 loans.

The total dollar amount approved under the two programs during the period actually declined by 0.3 percent, to \$6.14 billion. The dollar value of loans under the 7(a) program alone declined by 4.5 percent, to \$4.85 billion, reflecting the increased number of smaller loans.

The average loan size in the 7(a) program fell to \$165,360 in the first half of the year, from \$239,079 in the same period a year ago. The average 504 loan increased from \$440,143 to \$454,487.

The agency expects to continue encouraging its lending partners to focus on making a greater number of smaller loans available to entrepreneurs.

For more information about all of the SBA's programs for small businesses, call the SBA Answer Desk at 1-800 U ASK SBA or TDD 704-344-6640, or visit the SBA's extensive Web site at <http://www.sba.gov>.

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